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Pay Cut: Down, Not Out

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President Reagan's upcoming budget proposal will not include a formal recommendation that he and other top officials take a 10 percent pay cut if Congress agrees to decrease rank-and-file civil service salaries 5 percent next year, officials from the Office of Management and Budget say.

But administration officials say that while the executive bite-the-bullet plan will not be a formal part of the budget, it is still a live issue because Reagan wants political appointees to set an example.

Reagan suggested that political appointees accept a bigger bite out of their salaries at a cabinet meeting last month when the federal pay cut was discussed. OMB officials say the executive cuts will not be in the budget, but only because the dollar savings are "so insignificant that they would be lost in the rounding process."

The fact that the executive pay cut won't be in the budget doesn't necessarily mean the idea is dead, officials say.

Some Reagan appointees—who are not eager to take a pay cut—have quietly lobbied to have the executive pay cut plan dropped. They argue that it doesn't impress rank-and-file employees or members of Congress, and would distort career vs. executive pay levels. "I don't think the president has bought that idea," an Office of Personnel Management official said yesterday. "It was his idea [the president's], and we

haven't had any signal that he has changed his mind. I think a lot of people wish he would change his mind, but wishing doesn't make it so."

The average federal salary in the Washington area is just over \$31,000. The middle (median) federal salary here is more than \$27,000. Nationwide, the average government salary is just under \$26,000, and the median civil service salary is

about \$23,000. Most white collar workers received a 3½ percent raise this month.

Because of the proposed pay cut, the administration will not ask Congress to raise employee contributions to the civil service retirement fund from 7 percent to 9 percent of salary.

However, if Congress rejects the pay cut—and that seems likely—the administration will then propose that retirement fund contributions be raised.